



# Discover and Recover:

## A Survival Guide for PDGM Assessment & Implementation

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The Patient-Driven Groupings Model (PDGM) is the most major change to take place in home health in two decades, and some industry experts have speculated that not all providers will survive the financial impact following implementation.

This payment shift is driving companies to rethink their approach to the business from referrals to operations, therapy and other clinical services. With this evolution, the most prudent organizations have already started to prepare in advance of PDGM's 2020 implementation.

"We believe that agencies should have started preparing for this back in Q4 of 2018," says Bill Simone, managing principal for Simone Healthcare Consultants. "But it's not too late to begin now. It's important for organizations to develop a baseline for the anticipated financial impact and understand how PDGM is going to change it."

This white paper will present a survival guide with key points for assessment and implementation of the new model, layered with expert input on these foundational changes under PDGM.



## Discovery: Where to begin

Start by putting together a task force that is responsible for understanding the parts of your business that will be impacted

### This includes:

- Intake
- Clinical operations
- Financial operations
- Technology
- Revenue cycle management

## Survival Step One: Financial impact assessment

Organizations need to first consider that PDGM will have a substantial impact on the budgeting process as well finances overall, as PDGM changes an agency's approach to each episode and associated reimbursement.

Begin by taking a look at the 12 clinical groups under PDGM and their related care provisions.

### Agencies should ask a series of questions with respect to data as they develop the baseline:

- How do patients fall within the 12 clinical groupings?
- How many periods do encounters equate to on a 30-day period basis?
- What resources are being used?
- What are the number of visits by discipline per 30-day period, per clinical group?



### Red Flags

Organizations should note the following as potential red flags during the impact analysis and ask questions accordingly.

**Questionable encounters:** Determine how many periods fall into this category and assess reasons why

**Heavy areas of impact:** Which clinical groupings are having the most major impact, and why? Is the therapy level high? Is there a variant between the agency's assessment and national and state averages?

**Low Utilization Payment Adjustment (LUPA) percentages:** If LUPAs are higher than state/national averages, it's important to understand why, as LUPA payment rules are becoming more complex under PDGM. Are current care practice patterns impacting LUPA percentages?

### Clinical Groupings

|   |  |
|---|--|
| Musculoskeletal   | MMTA — Cardiac/circulatory                                 |
| Neuro/Stroke rehabilitation   | MMTA — Endocrine   |
| Wounds - Post-op wound aftercare and skin/non-surgical wound care   | MMTA — Infections disease/neoplasms/blood-forming diseases |
| Behavioral health care  | MMTA — GI/GU   |
| Complex nursing interventions                                       | MMTA — Respiratory   |
| Med management, teaching and assessment (MMTA) — Surgical aftercare | MMTA — Other   |

“Start to understand how the [new structure] impacts your organization,” Simone says. “Figure out what the reimbursement is for a 30-day period.”

With that figure, agencies can estimate how the gross margin will be impacted based on the number of visits per period and the number of periods.

### **Survival Step Two: Revenue cycle and billing management evaluation**

PDGM impacts operational elements from intake to billing, and proactive organizations will use their baseline assessment to create workflows for every department.

But there may also be shifting roles and responsibilities across those departments, says Rob Simone, Director of Data Analytics for Simione, particularly with respect to documentation.

“Typically, billing or revenue cycle management is responsible for getting all of the documentation that is not gathered upfront,” he says. “There has to be a culture change: the intake department is no longer just for referrals. Changes will have to be made for staffing and documentation prior to intake. If it gets to the point of intake and the diagnosis is not accepted by Medicare, agencies are at risk for write offs.”



In addition to changing the responsibilities of the intake department, this initiative may also span marketing staff and other liaisons to fine tune the process for collecting documentation upfront.

“What is the information we truly need in order to accept a patient who actually qualifies for home health?” says Ron Barrera, Director for Simione. “We have to educate everyone in the organization, not just the sales and marketing teams.”

Budgeting also becomes more complex under PDGM, requiring that clinical and finance teams work together in developing forecasts and projections.

**Together, those teams need to address questions such as:**

- What type of patients do we need to focus on?
- How are we going to care for our patients?
- How are we going to strategize as a whole to make sure we are positioned from quality and financial standpoint?
- What is EMR data going to provide?
- What data is out there that we can utilize?

“Budgets in home care were never easy to do, but now they are harder to do,” Barrera says. “Before you budgeted on a full LUPA outlier test, and now we will budget by clinical grouping, by 30-day periods. This effort will require more collaboration for success.”



## Financial Impact Assessment Tool

Simione offers an impact assessment tool designed to give organizations an indication of where they stand under PDGM, providing state and national benchmarks in addition to what CMS offers. A gross margin calculator then allows agencies to estimate the financial impact and prospective gain or loss.

“In our case, there was a projected loss,” says Ken Albert, President and CEO of Lewiston, Maine-based Androscoggin Home Healthcare + Hospice. “Multiple factors contributed to our findings, including number of visits per episode and diagnostics in our area. We were able to use the impact assessment reports to identify a strategy for episode management in preparation for PDGM.”

Androscoggin used the information from Simione’s PDGM Analysis Tool to identify the greatest areas of impact and review workflows that were also likely to be impacted. Next, leadership identified month by month strategies to be implemented to address workflows and goals based on the analysis.

## Survival Step Three: Clinical outlook

Given clinical management will be more closely tied to the finances and operations of home health organizations under PDGM, it's essential for clinical personnel and managers to participate in leading the charge toward the new model.

"This is really shifting the industry not only with the payment structure, but with the clinical impact — looking at patients a bit differently from the standpoint of where they fall within the model," says Julia Maroney, Director with Simione.

From a clinical standpoint, organizations must address the following:

- **Staff education** — PDGM requires an ongoing cultural shift toward continued discussion of what's important under PDGM.
- **Accuracy** — The most important element of clinical work is accurate patient information. Ensure clinicians are OASIS-trained and are skilled in completing patient assessments. Referral information should include primary and secondary diagnoses to optimize reimbursement under PDGM.
- **Case management** — This includes LUPA management, which becomes more complex in the context of PDGM.

The clinical manager role becomes more important to overall patient management, with the clinical case manager taking responsibility for overseeing outcomes — rather than simply getting visits done.

"It's very important for the clinical manager to oversee the team of case managers and other staff," Maroney says. "They need to access information from clinical operations and utilization management, but also gauge the financial impact of the changes. Is it therapy you are going to get ahead on? Or are other diagnostic categories going to be a benefit or detriment?"

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*Julia Maroney, Director, Simione  
Healthcare Consultants*

Coding can make a major difference, as well.

“We are seeing a lot of challenges in the categories where organizations have inadequate coding. CMS expects you to have no or low comorbidity, but if you have a huge number relative to the average, that’s an opportunity to look at how you are coding,” Maroney says.

### The PDGM Opportunity

PDGM can be a great growth opportunity for the agencies that understand it and adapt their operations accordingly.

“Some [agencies] are looking at opportunities in areas they have been good at managing historically, and can increase in those areas,” Maroney says. “That could be cardiac or pulmonary or wound management, for example.”

Ultimately, the structure should lead to better patient outcomes and better care overall, Albert says.

“I think from the patient perspective, PDGM is trying to ensure that there is a direct correlation between the plan of care, the rationale for the referral in the first place, the patient goals and clinical outcomes,” he says. “From a patient perspective, hopefully this means a better experience, clinical outcomes, and the quality of care is enhanced.”



### PDGM Analysis Tool:

The PDGM Analysis Tool developed by Simione Healthcare Consultants offers a clear view of the specific circumstances in each home health organization, bringing significantly more insight on the home health episode and reimbursement by:

- Admission source
- Admission timing
- Clinical group
- Episode type (LUPA)
- Episode length
- Nursing utilization
- Therapy utilization
- Gross and net margin
- A breakdown of questionable encounters and the resulting reimbursement changes (Episodes with a primary diagnosis that are not classified into a clinical group under PDGM will be returned to the provider and may not qualify for reimbursement.)
- Dashboards for a visual perspective on an agency’s status, including comparison to state and national benchmarks

## **Contact**

For more information on Simone's PDGM Analysis Tool, or to learn more about how PDGM will impact your organization, contact us.

To get the tool, visit <https://www.simione.com/request-support-pdgm-analysis>  
or call **844.293.1530**

